

Message Text

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ORIGIN EB-11

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TO AMEMBASSY ACCRA

INFO AMCONSUL CASABLANCA

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E.O. 11652: N/A

TAGS: ETRN, GH

SUBJECT: CIVAIR: FIRST PHASE BILATERAL NEGOTIATIONS

1. DEPUTY ASSISTANT SECRETARY WEINTRAUB HAS NECESSARY GUIDANCE MATERIAL. HOWEVER, FOLLOWING AMPLIFICATION PROVIDED RE US POLICY ON AIRLINE COOPERATIVE ARRANGEMENTS.

2. THERE ARE WIDE VARIETY SUCH ARRANGEMENTS RANGING FROM TECHNICAL COOPERATIVE ARRANGEMENTS IN SUCH AREAS AS SPARE PARTS, MAINTENANCE FACILITIES, AND EQUIPMENT (TO WHICH US HAS NO POLICY OBJECTION) TO OUTRIGHT REVENUE AND/OR TRAFFIC POOLING. US AIRLINES MAY NOT ENTER INTO SUCH ARRANGEMENTS WITHOUT CAB APPROVAL AND CAB HAS NEVER APPROVED US AIRLINE PARTICIPATION IN REVENUE/TRAFFIC POOL WITH FOREIGN AIRLINES. (CAB HAS RECENTLY ALLOWED US AIRLINES TO ADJUST BY MUTUAL AGREEMENT THEIR CAPACITY IN CERTAIN LIMITED DOMESTIC MARKETS, BUT THESE DO NOT INVOLVE SHARING OF TRAFFI US POLICY AGAINST US AIRLINE PARTICIPATION IN REVENUE/ TRAFFIC POOLING HAS BEEN A LONG-STANDING ONE, MOST RECENTLY REAFFIRMED IN PRESIDENTS STATEMENT ON US INTERNATIONAL AIR

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TRANSPORT POLICY OF 1970. REASON FOR POLICY IS ESSENTIALLY

THAT SUCH POOLING ARRANGEMENTS HAVE EFFECT OF REMOVING VIRTUALLY ALL COMPETITIVE ELEMENTS BETWEEN AIRLINES IN THE POOL.

3. THERE ARE OTHER FORMS OF COOPERATIVE ARRANGEMENTS IN ECONOMIC AREA WHICH HAVE BEEN PERMITTED, DEPENDING ON CIRCUMSTANCES. POSSIBLY GERMANE IN GHANA CONTEXT IS SO-CALLED BLOCKED SPACE ARRANGEMENT IN WHICH ONE AIRLINE (E.G. PAN AM) SELLS ON A FULLY ALLOCATED COST BASIS CERTAIN FIXED NUMBER OF SEATS ON ITS AIRCRAFT TO ANOTHER AIRLINE (E.G. GHANA AIRWAYS) WHICH THEN RESELLS THE SEATS TO PUBLIC AS THOUGH THESE SEATS WERE ON ITS OWN AIRCRAFT. LATTER AIRLINE THUS STILL FACES RISK IT MAY NOT SELL ENOUGH SEATS TO MAKE A PROFIT.

4. FYI. PAN AM'S EXPERIENCE WITH BLOCKED SPACE AGREEMENTS (AIR AFRIQUE AND NIGERIA AIRWAYS) HAS BEEN LESS THAN SATISFACTORY FOR NUMBER REASONS, INCLUDING PRESSURE FROM OTHER AIRLINE PERIODICALLY TO ADJUST NUMBER SEATS IT "BUYS" IN SUCH A WAY THAT IT WILL ALWAYS RESELL SUFFICIENT NUMBER TO MAKE A PROFIT. THIS OF COURSE TENDS TO REMOVE RISK ELEMENT WHICH THEN MAKES THE ARRANGEMENT OBJECTIONABLE FROM VIEWPOINT ECONOMIC POLICY. DEPARTMENT UNDERSTANDS PAN AM NOT ENTHUSED OVER POSSIBILITY SUCH ARRANGEMENT WITH GHANA AIRWAYS. SUCH AN ARRANGEMENT WOULD REQUIRE CAB APPROVAL. END FYI. KISSINGER

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